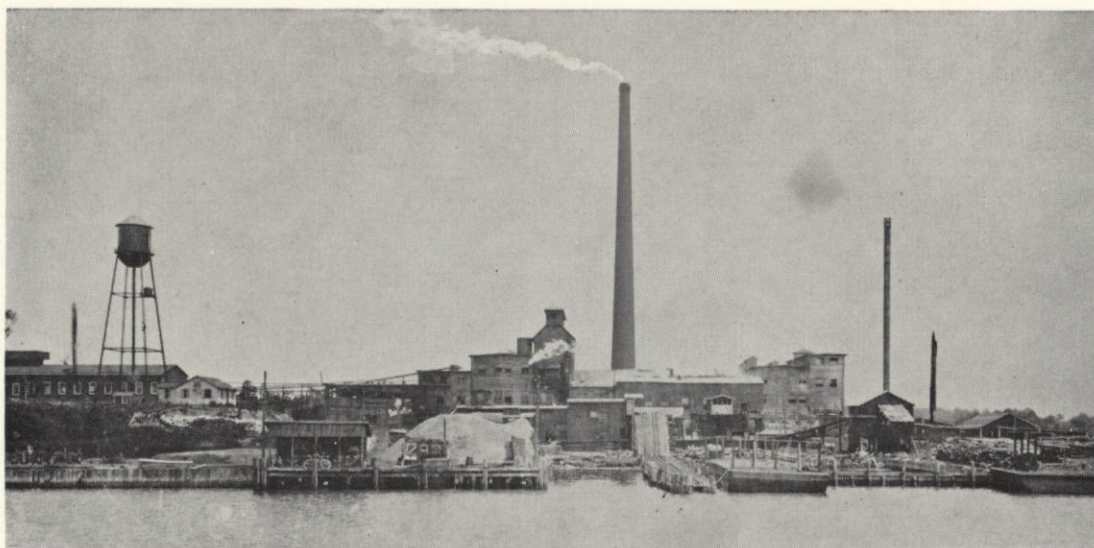




1963 ANNUAL REPORT

The Chesapeake Corporation
OF VIRGINIA



In contrast to the modern facilities of The Chesapeake Corporation of Virginia, shown on the cover in a view from the Pamunkey River, the photograph above was taken soon after the mill at West Point—built by the old Chesapeake Pulp & Paper Company—came into production in 1914.

**THE CHESAPEAKE CORPORATION
OF VIRGINIA**

WEST POINT, VIRGINIA

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 29, 1963



STURE G. OLSSON



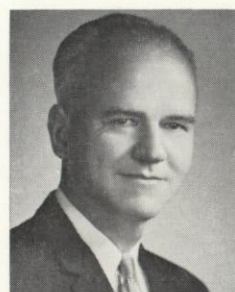
OVERTON D. DENNIS



HENRY VRANIAN



HAROLD P. KYLE



LAWRENCE H. CAMP



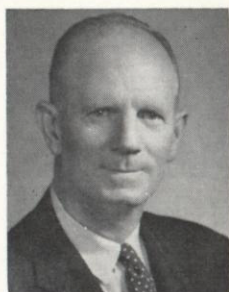
ELIZABETH S. GRAY

CONTENTS

	PAGE		PAGE
Report to Our Stockholders	4	Consolidated Statement of Retained Earnings	14
Financial Highlights	6	Consolidated Statement of Income	15
Sales, Income and Dividends	7	Notes to Consolidated Financial Statements	16
Plant Expansion	8	Working Capital Changes and Income Distribution	17
Pulpwood Supply	10	A Seven-Year Comparison	18
Forest Management	11	Accountants' Report	20
Consolidated Balance Sheet	12		



ERIK ZIMMERMAN



A. DONALD RENNIE

DIRECTORS

STURE G. OLSSON

L. BURWELL GUNN

OVERTON D. DENNIS

CHARLES C. ABBOTT

HENRY VRANIAN

C. BRAXTON VALENTINE

B. WARWICK DAVENPORT

LENNART NYLANDER

EXECUTIVE COMMITTEE

STURE G. OLSSON

OVERTON D. DENNIS

B. WARWICK DAVENPORT

HENRY VRANIAN

OFFICERS

STURE G. OLSSON *President and General Manager*

OVERTON D. DENNIS *Vice President*

HENRY VRANIAN *Vice President and General Sales Manager*

ERIK ZIMMERMAN *Vice President and Production Manager*

HAROLD P. KYLE *Vice President*

LAWRENCE H. CAMP *Treasurer and Controller*

ELIZABETH S. GRAY *Secretary and Manager of Pulp Sales*

A. DONALD RENNIE *Assistant Treasurer and Assistant Secretary*

REPORT TO OUR STOCKHOLDERS

During 1963 the paper and paperboard industry witnessed a paradox. Sales prices remained throughout the year at substantially the level to which they had fallen early in the first quarter even though demand for paper and paperboard continued its long-term upward trend to a new high.

For Chesapeake, reduced prices and increased operating costs resulted in a smaller profit per ton of product. Had the facilities now under construction been in operation, the company might have produced and sold more paper and paperboard at the lower per unit profit and thereby maintained the 1962 level of income. The lack of the additional productive facilities, however, when combined with the lower profit per unit, blocked your management's efforts to maintain earnings at their previous level.

While the foregoing explains the decrease in earnings, it emphasizes the need for expansion and strengthens your management's confidence in the construction program now under way at West Point. The current mill expansion will allow your company to increase volume in its present product lines and to diversify into other product lines. This program got well under way during the year, and the construction and installation of equip-

ment is now on schedule so it is anticipated that all new facilities will be ready for start-up during July.

The construction program, as previously reported, involves the expenditure of approximately \$21,000,000. During the year arrangements were made with a bank and an insurance company to borrow \$7,500,000 of the construction costs on terms considered favorable by your management. This loan and the funds on hand and being generated during construction are expected to be sufficient to pay all the costs of the expansion program.

A new labor contract extending until June, 1965, was negotiated during the past year. It follows substantially the pattern negotiated in the industry and includes wage increases effective in June, 1963, and June, 1964.

Mr. Overton D. Dennis, who has served as treasurer for many years, requested to be relieved of his duties in this position. Chesapeake will not be deprived of his valuable counsel, however, as Mr. Dennis will continue to serve as a director and vice president. Mr. Lawrence H. Camp, who has been controller since 1961, was elected treasurer and controller effective December 10, 1963.

The Board of Directors elected Mr. Harold P. Kyle vice president effective



December 10, 1963. Mr. Kyle, who has had long experience in the corrugated industry and has been associated with your converting subsidiaries, will now be responsible for all converting operations. This will afford a closer relationship between Chesapeake and its converting subsidiaries, even though they will continue to operate as decentralized units.

In September your management was further strengthened by the addition of Mr. Daniel C. Lewis. Mr. Lewis brings his years of management experience to Chesapeake to serve in the capacity of assistant to the president.

These realignments and additions are designed to augment our administrative organization in areas considered necessary to accomplish our growth objectives and to meet the responsibilities and opportunities we anticipate.

Net income for Chesapeake will be under severe adverse pressures during

1964. The demand for paper and paperboard continues to grow, but the price structure has not responded. Although the new paper machine is expected to be in production during the second half of the year, there are several factors which will counterbalance the revenue derived from additional sales. Besides the costs incurred in training new crews, in tying in new facilities and in machine product development, there will be increased depreciation. Also, the sale of U. S. Government obligations will result in a reduction of other income.

Your management is confident that the period of reduced earnings during this transition will be more than offset by the advantages accrued in future potential. Through the benefits of expansion, Chesapeake can look forward to an increased volume as well as a wider scope of marketable products. This in the long run means an increased return on your investment as Chesapeake's earning abilities are enhanced.

PRESIDENT AND GENERAL MANAGER

March 9, 1964

FINANCIAL HIGHLIGHTS

	1963	1962
Net Sales	\$34,570,995	\$33,091,586
Income before Taxes	\$6,140,762	\$7,728,836
Taxes on Income	\$2,970,800	\$3,957,300
Net Income	\$3,169,962	\$3,771,536
Net Income as a Per Cent of Sales	9.2%	11.4%
Net Income Per Share of Common Stock*	\$2.40	\$2.86
Cash Dividends Declared on Common Stock	\$1,562,989	\$1,533,717
Book Value Per Share of Common Stock*	\$30.16	\$28.98
Common Shares Outstanding	1,321,026	1,296,312
Investment in Property, Plant and Equipment, Net	\$29,814,436	\$20,623,176

*Based on shares outstanding at December 29, 1963.

SALES Consolidated net sales for the year ended December 29, 1963, amounted to \$34,570,995 as compared with \$33,091,586 for the preceding year. Sales of paper-board, paper and market pulp in 1963 amounted to 238,668 tons, as compared with 228,798 tons in 1962.

INCOME Consolidated net income after deducting income taxes was \$3,169,962 in 1963, as compared with \$3,771,536 in 1962, a decrease of \$601,574.

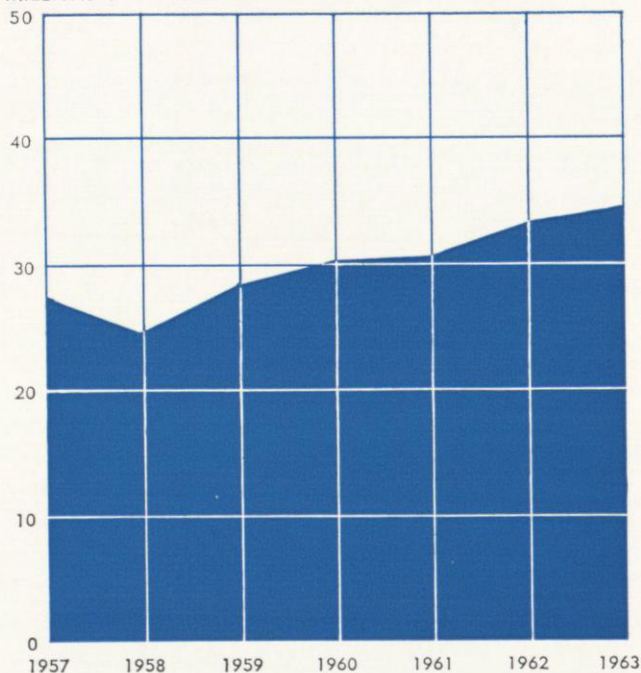
Net income per share of common stock amounted to \$2.40 on the 1,321,026 shares outstanding on December 29, 1963. Income in 1962, based on the same number of shares, amounted to \$2.86 per share.

Net income retained for use by the company was \$1,555,453 in 1963, as compared with \$2,200,586 in 1962.

DIVIDENDS Cash dividends totaling \$1.20 per share were paid on the outstanding common stock during 1963, which equals the per share cash dividends paid in the preceding year. In addition, a 2% stock dividend was distributed on December 16, 1963.

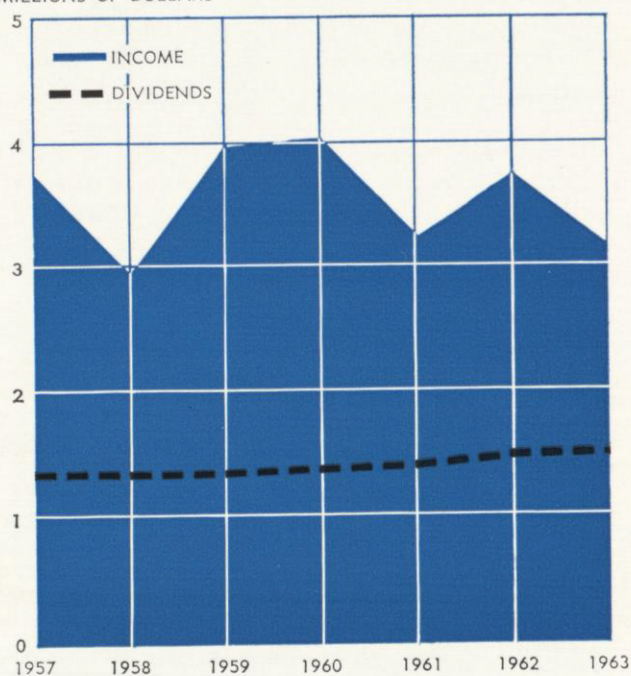
SALES

MILLIONS OF DOLLARS



INCOME AND DIVIDENDS

MILLIONS OF DOLLARS



PLANT EXPANSION The program of construction is designed to increase productive capacity by 50 per cent. The expansion is centered around the new paper mill, which will house the second huge paper and paperboard machine to be installed in the West Point plant.

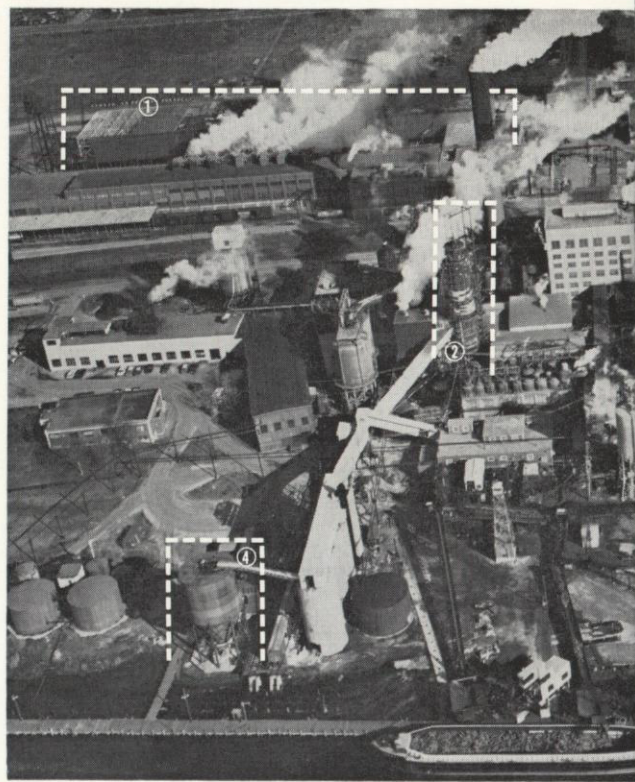
The cost of the expansion will be approximately \$21,000,000. The insufficiency of funds generated by depreciation and depletion to support the long-term construction needs is shown in the graph at the top of the opposite page contrasting Additions to Properties and Equipment with Depreciation and Depletion. To supply part of the additional funds, a substantial portion of each year's income has been retained in the business. The cash so accumulated has been invested in U. S. Government obligations and for about five years has resulted in substantial increases in Working Capital. Now, however, the expenditure of the funds on the construction of production facilities is being reflected in the precipitous decline in Working Capital in 1963.

A substantial amount of the construction was completed before the year ended. The woodyard's pulpwood storage space was enlarged. A second Gantry crane for unloading pulpwood trucks went into use. New pulp screening facilities for both present and expanded production were installed.

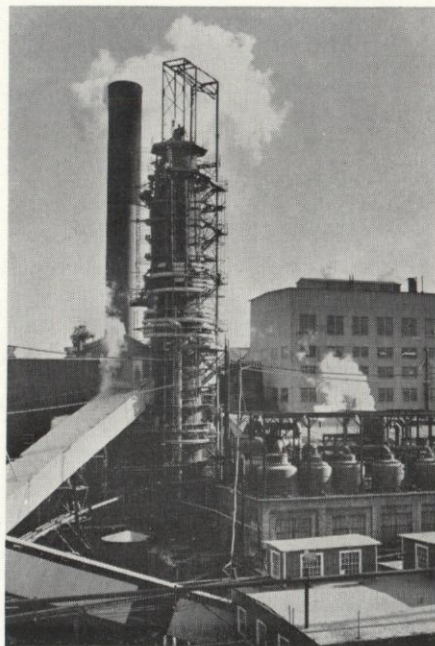
An essential part of the expansion is the new continuous digester, and this, too, went into operation before the end of the year. Standing 170 feet high, the digester is capable of producing 600 tons of uniformly high-quality pulp per 24-hour day. There are few such installations in the country.

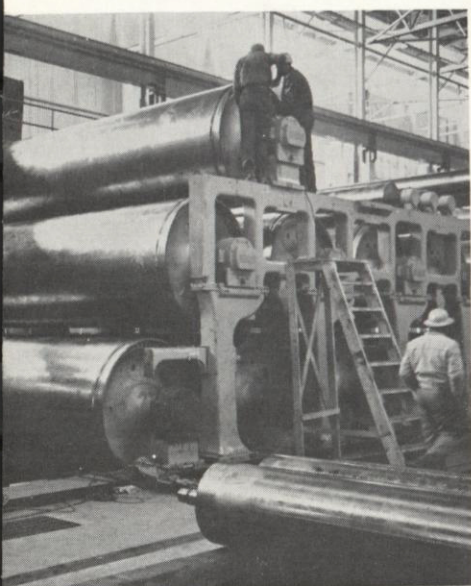
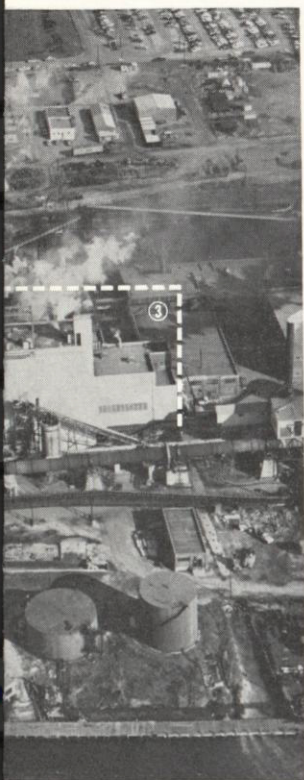
Buildings to house the new power plant boiler and new paper and lightweight board machine were constructed and closed in before the beginning of the severe winter weather.

A boiler designed to produce steam at a pressure to maximize operating efficiency will provide the additional capacity necessitated by the expansion. The paper machine will be able to produce a web of paper up to 258" in width. It will be the largest machine in the country that is equipped to make extensible paper.



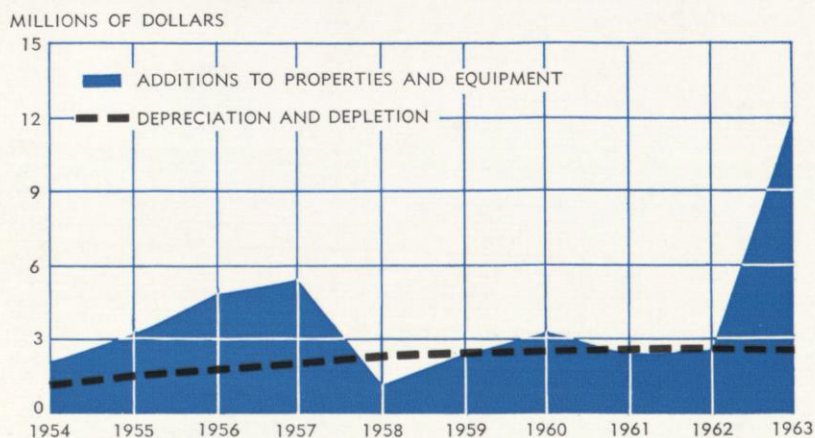
Aerial view of the plant at West Point showing major expansion construction: (1) new paper mill parallel with paper mill of 1930; (2) continuous digester; (3) addition to power plant; (4) new chip storage and conveyor system leading to digester.



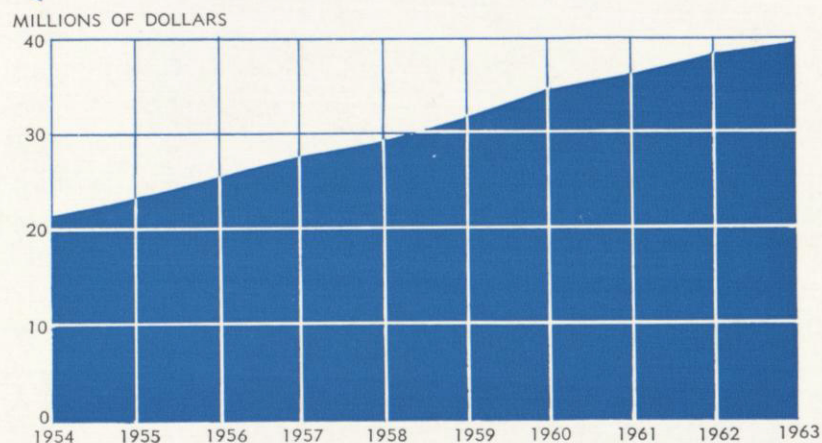


Above, workmen assemble drying drums of the huge No. 2 paper machine. Completion of the work is scheduled for summer, 1964. At left, the continuous digester, with chip conveyor system in the foreground. The installation is already in operation.

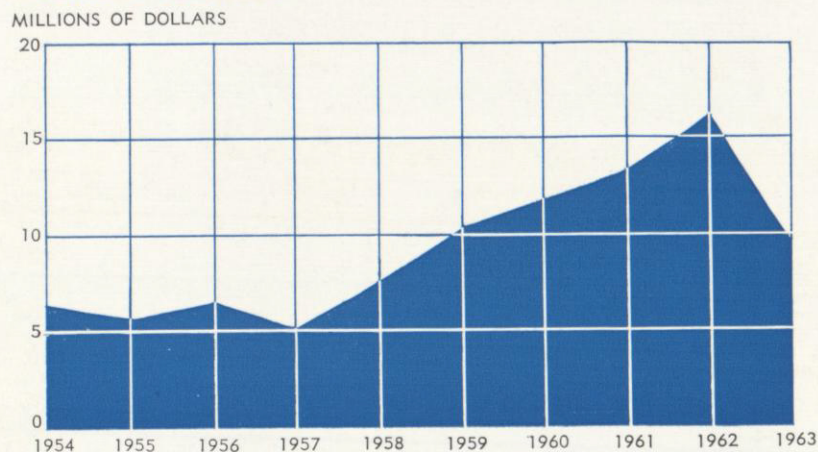
ADDITIONS TO PROPERTIES AND EQUIPMENT DEPRECIATION AND DEPLETION

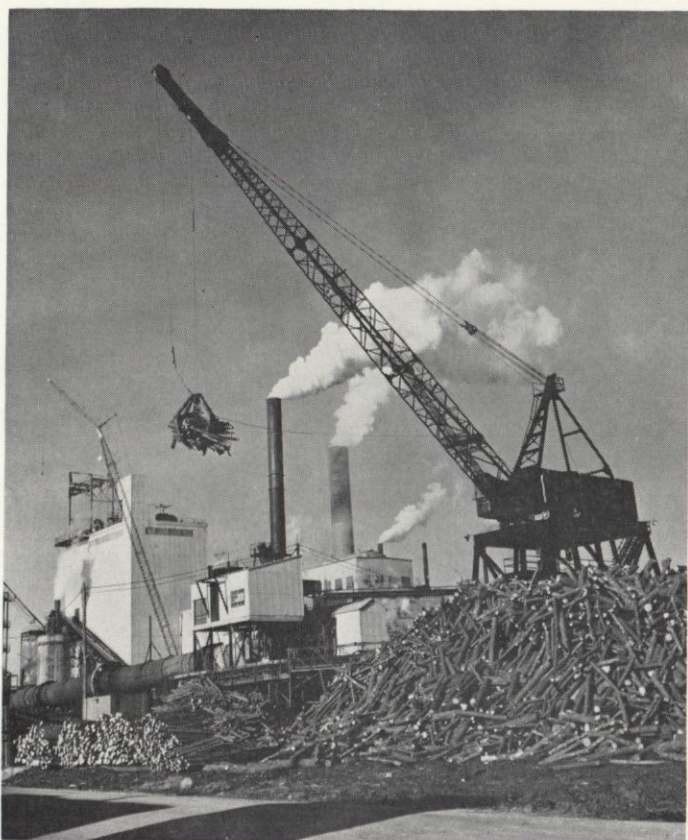


EQUITY OF COMMON STOCKHOLDERS



WORKING CAPITAL





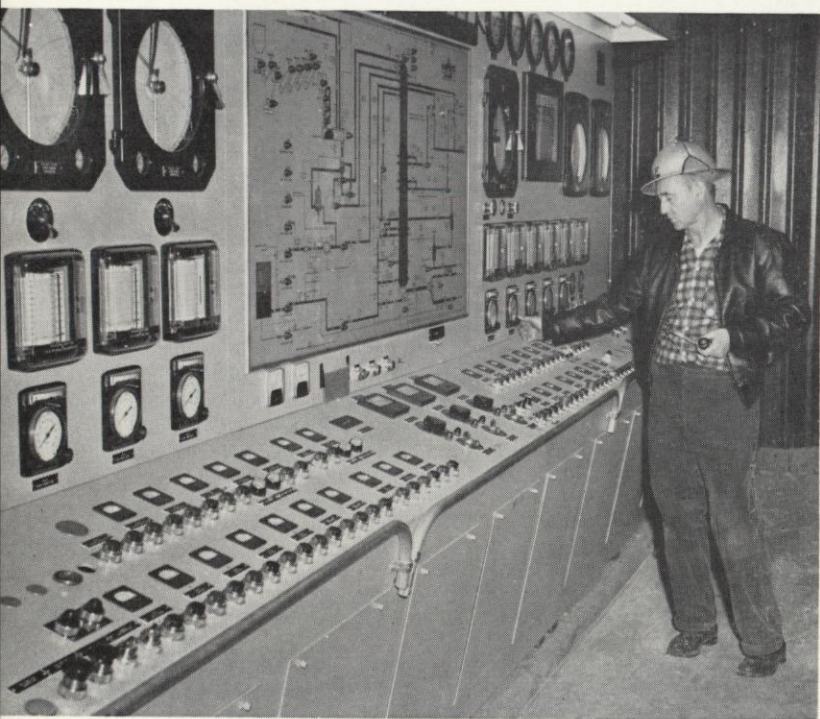
PULPWOOD SUPPLY Chesapeake's woodlands department took preliminary steps during the year to increase the pulpwood supply in proportion to the plant's requirements under the expansion program.

Approximately 600 additional cords above the 1,200 now used per day will be needed, and it appears that this objective can be achieved without undue difficulty.

The in-flow of pulpwood from the mill area—that is, within trucking distance—was heavily increased during the year to accustom nearby producers to supplying increased requirements. Shipments by rail from distant points can, it is felt, be substantially increased if necessary. The department is building up its roster of sawmill operators who supply chips, and an increase in this source of supply can be expected.

The woodlands department is continuing its program toward greater mechanization of pulpwood handling at company barge landings. A pilot type of machine for unloading pulpwood trucks and loading barges went into experimental use during the year.

Chesapeake's dealers are being encouraged to mechanize by palletizing loads for mechanical handling and to use tractor-trailer carriers which transport about twice the normal load and therefore widen the radius of truck movement both to the landings and to the mill itself.

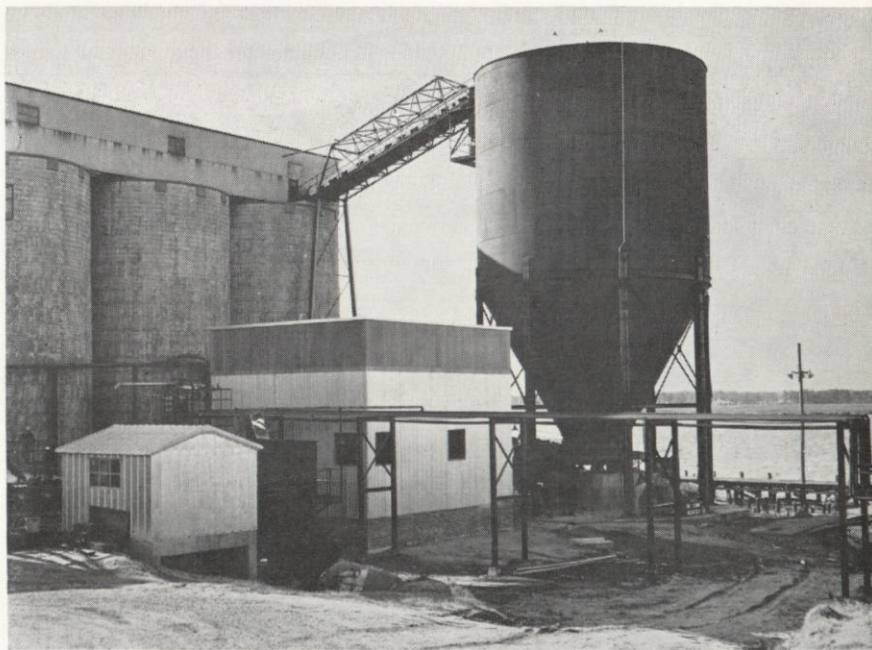


In top photo is shown a second Gantry crane, installed in 1963 to speed up pulpwood handling at West Point. In the left background appears the new power plant addition. The photo below depicts the complex control panel for the new continuous digester. It governs the flow of chips, steam and chemicals into the pulping process.

FOREST MANAGEMENT Chesapeake's primary objective in forestry is the management of company-owned timberlands so as to maintain a steady supply, and a future reserve, of available pulpwood. The company continued during 1963 a systematic, periodic increase of the number of acres under intensive management, with the aim of eventually bringing all of its holdings under such management.

All members of this department also work closely with farmers and other landowners and with county forestry clubs and similar conservation organizations to increase the growing stock on individually held timberlands within Chesapeake's pulpwood procurement area. This program, too, was intensified during the year.

The corporation owns 233,000 acres in three States, an increase of 2,200



Above is a building built during the year to house equipment for screening sawmill chips and behind it a silo for storage of the chips. A pilot model of a Chesapeake-developed machine to handle pulpwood at barge landings is shown in the photo below.



acres over the holdings of the previous year. However, efforts were directed less toward acquiring new holdings than toward finding more efficient and economical methods of bringing present holdings into full pine production.

The forestry staff is employing a combination of methods, utilizing heavy equipment, controlled burning and herbicides to convert hardwood growth and understocked pine acreage into productive stands. Two of the bulldozers used to clear hardwood growth were equipped with shear blades, as distinguished from the older grub or "push" blades. The sharp shear blades cut trees up to eight inches in diameter at one blow. They appear to be 25 per cent more efficient than the older type of blades, and offer promise for faster and more effective clearing.

CONSOLIDATED BALANCE SHEET*December 29, 1963, and December***ASSETS**

	<u>Dec. 29, 1963</u>	<u>Dec. 30, 1962</u>
CURRENT ASSETS:		
Cash	\$ 1,521,796	\$ 1,675,423
U. S. Government obligations, at amortized cost.	1,796,392	10,103,703
Less: Amount deducted from Federal income tax liability	(1,202,604)	(2,011,530)
Accounts receivable, less allowances for doubtful accounts	5,101,245	3,739,830
Notes receivable	1,541,774	423,502
Miscellaneous receivables and accruals	145,935	298,833
Inventories (at lower of cost or market):		
Finished goods and goods in process	466,309	804,523
Manufacturing materials and supplies	2,951,840	2,744,808
Prepaid expenses	138,408	181,616
Total Current Assets	<u>\$12,461,095</u>	<u>\$17,960,708</u>
OTHER ASSETS:		
Cash surrender value of life insurance	\$ 29,027	\$ 24,922
Mortgage notes receivable	175,000	225,000
Other notes receivable	141,903	1,210,956
Sundry advances, receivables and investments	191,214	193,031
	<u>\$ 537,144</u>	<u>\$ 1,653,909</u>
PROPERTY, PLANT AND EQUIPMENT (at cost):		
Land	\$ 329,863	\$ 254,399
Buildings	6,639,813	6,362,465
Machinery, equipment and construction	37,152,661	27,248,265
	<u>\$44,122,337</u>	<u>\$33,865,129</u>
Less: Accumulated depreciation and amortization	20,612,799	19,435,038
	<u>\$23,509,538</u>	<u>\$14,430,091</u>
Timberlands, less accumulated depletion	6,304,898	6,193,085
Net Property, Plant and Equipment	<u>\$29,814,436</u>	<u>\$20,623,176</u>
	<u>\$42,812,675</u>	<u>\$40,237,793</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>Dec. 29, 1963</u>	<u>Dec. 30, 1962</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 1,436,069	\$ 536,669
Dividends payable	396,308	388,894
Salaries, wages and commissions	152,661	166,247
Payroll and withholding taxes	226,107	163,476
State income taxes	279,316	374,225
Federal income tax	1,293,470	2,151,367
Less: Amount deducted from U. S. Gov- ernment obligations	(1,202,604)	(2,011,530)
Long-term debt due within one year	15,672	35,071
Total Current Liabilities	<u>\$ 2,596,999</u>	<u>\$ 1,804,419</u>
OTHER LIABILITIES AND CREDITS:		
Long-term debt due after one year	\$ 59,856	\$ 87,428
Deferred income taxes and investment credit (Note 1)	318,806	64,385
	<u>\$ 378,662</u>	<u>\$ 151,813</u>
STOCKHOLDERS' EQUITY:		
Capital stock—common \$5.00 par value (Notes 2 and 3):		
Authorized, 2,000,000 shares; issued and outstanding, 1,321,026 shares 12-29-63, and 1,296,312 shares 12-30-62	\$ 6,605,130	\$ 6,481,560
Other capital (Note 4)	6,927,025	6,000,250
Retained earnings (Note 5c)	26,304,859	25,799,751
	<u>\$39,837,014</u>	<u>\$38,281,561</u>
	<u>\$42,812,675</u>	<u>\$40,237,793</u>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

The Chesapeake Corporation of Virginia and Subsidiary Companies

FOR THE YEARS ENDED DECEMBER 29, 1963, AND DECEMBER 30, 1962

	<i>Year Ended</i>	
	<u><i>Dec. 29, 1963</i></u>	<u><i>Dec. 30, 1962</i></u>
Balance at beginning of year	\$25,799,751	\$24,382,389
Add: Net income for the year	3,169,962	3,771,536
	<u>\$28,969,713</u>	<u>\$28,153,925</u>
Deduct:		
Cash dividends declared	\$ 1,562,989	\$ 1,533,717
Stock dividends—2%:		
Year ended December 29, 1963 (Note 2):		
24,714 shares @ \$42.50 per share . . .	1,050,345	
Year ended December 30, 1962:		
24,286 shares @ \$32.25 per share . . .		783,224
Cash in lieu of fractional shares	51,520	37,233
	<u>\$ 2,664,854</u>	<u>\$ 2,354,174</u>
Balance at end of year (Note 5c)	<u>\$26,304,859</u>	<u>\$25,799,751</u>

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF INCOME

The Chesapeake Corporation of Virginia and Subsidiary Companies

FOR THE YEARS ENDED DECEMBER 29, 1963, AND DECEMBER 30, 1962

	<i>Year Ended</i>	
	<i>Dec. 29, 1963</i>	<i>Dec. 30, 1962</i>
SALES AND OTHER INCOME:		
Net sales	\$34,570,995	\$33,091,586
Other income	735,782	775,993
	<u>\$35,306,777</u>	<u>\$33,867,579</u>
COST OF GOODS SOLD, EXPENSES, AND OTHER DEDUCTIONS:		
Materials, supplies and other manufacturing costs	\$16,258,456	\$13,514,184
Wages, salaries and employees' benefits	8,586,739	8,235,369
Depreciation and depletion	2,693,548	2,732,181
Selling and administrative expenses	958,059	983,345
Miscellaneous deductions	376,952	409,188
Taxes:		
Federal income (Note 1)	2,667,200	3,573,500
State income (Note 1b)	303,600	383,800
Other	292,261	264,476
	<u>\$32,136,815</u>	<u>\$30,096,043</u>
NET INCOME	<u>\$ 3,169,962</u>	<u>\$ 3,771,536</u>
Net income per share of common stock*	<u>\$2.40</u>	<u>\$2.86</u>

*Based on shares outstanding at December 29, 1963.

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INVESTMENT CREDIT AND DEFERRED INCOME TAXES:

- a. The Corporation is entitled to an investment credit of \$346,000 against its 1963 Federal income tax. In 1963, the Corporation applied 48% of the credit against the provision for Federal income taxes and the remaining 52% was treated as deferred Federal income tax. In 1962, the investment credit was treated as deferred income to be amortized over the useful life of the property on which the credit was based. The adoption in 1963 of the "48-52" method of accounting for the investment credit resulted in an increase in income of \$146,000.
- b. The Corporation in 1963 has recorded deferred income taxes of \$110,000, which amount equals the tax reduction resulting from the use for tax purposes of the double declining balance method of depreciation on major items of plant and equipment acquired in 1963.

2. STOCK DIVIDEND:

A 2% stock dividend was distributed on December 16, 1963. Retained earnings was charged with \$1,050,345, representing the approximate market value of the 24,714 shares issued, and with \$51,520 for cash paid in lieu of fractional shares. Capital stock was credited with \$123,570, the par value of the shares issued, and \$926,775 was credited to other capital.

3. STOCK OPTIONS:

At December 29, 1963, there were 12,500 shares of common stock set aside for issuance to employees, of which 5,202 shares were under option at a price of \$37.90 per share, which is 95% of the market value, as adjusted for stock dividends, on the dates the options were granted. Options are exercisable at various dates extending to February 15, 1972. No options had been exercised as of December 29, 1963.

4. OTHER CAPITAL:

Balance, December 31, 1962	\$ 6,000,250
Add: Excess of market value over par value of 24,714 shares of common stock issued as a 2% stock dividend on December 16, 1963	926,775
Balance, December 29, 1963	<u>\$ 6,927,025</u>

5. COMMITMENTS, PLANT EXPANSION AND TERM LOAN AGREEMENT:

- a. At December 29, 1963, the uncompleted portion of the Corporation's major expansion program, scheduled for completion in 1964, was approximately \$9,200,000. In addition, the Corporation was committed for approximately \$1,100,000 covering (i) other purchases of property, plant, and equipment, (ii) payments to certain officers of two companies acquired in 1961, under agreements containing covenants not to compete for five years, and (iii) payments under the terms of an employment agreement in effect since 1955.
- b. On May 31, 1963, the Corporation entered into a Term Loan Agreement with a bank and an insurance company which permits a maximum borrowing of \$7,500,000 on or before December 1, 1964. The Agreement provides for the issuance of \$2,250,000 of 4 $\frac{3}{4}$ % notes maturing November 30, 1969, and \$5,250,000 of 4 $\frac{7}{8}$ % notes maturing November 30, 1974. Quarterly principal payments of \$187,500 are required from February 28, 1967, through November 30, 1974, with a final payment of \$1,500,000 due on November 30, 1974. No amount had been borrowed under this Agreement at December 29, 1963.
- c. Under the most restrictive provisions of the Term Loan Agreement, approximately \$5,700,000 of retained earnings was available for dividends at December 29, 1963.

WORKING CAPITAL CHANGES

The Chesapeake Corporation of Virginia and Subsidiary Companies

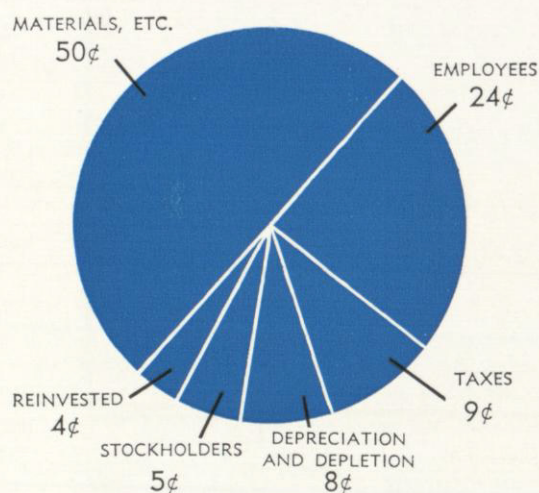
ADDITIONS TO WORKING CAPITAL:

Net income for the year	\$ 3,169,962
Depreciation and depletion	2,693,548
Deferred income taxes	267,791
Decrease in other assets	1,116,765
Other sources (net)	52,183
TOTAL ADDITIONS	\$ 7,300,249

REDUCTIONS IN WORKING CAPITAL:

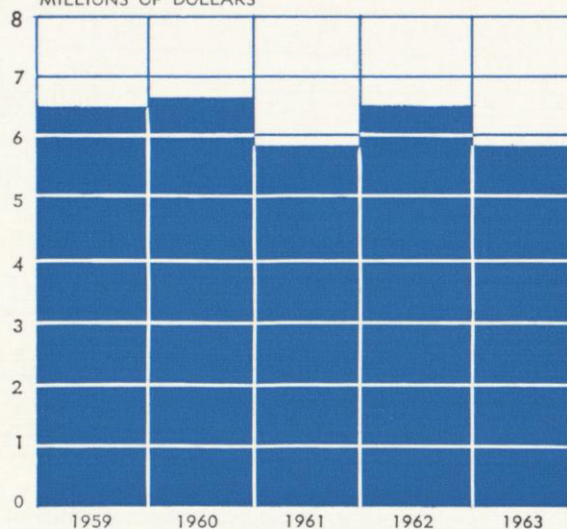
Additions to property, equipment and timberlands (net) . .	\$11,977,933
Cash dividends paid to stockholders	1,614,509
TOTAL REDUCTIONS	\$13,592,442
DECREASE IN WORKING CAPITAL	\$ 6,292,193

DISTRIBUTION OF THE INCOME DOLLAR 1963



CASH FLOW

NET INCOME, DEPRECIATION AND DEPLETION
MILLIONS OF DOLLARS



A SEVEN-YEAR COMPARISON*

		1963	1962
OPERATING RESULTS	Net sales	\$34,570,995	\$33,091,586
	Net costs except depreciation and depletion .	\$25,736,685	\$22,630,569
	Depreciation and depletion	\$2,693,548	\$2,732,181
	Income before income taxes	\$6,140,762	\$7,728,836
	Taxes on income	\$2,970,800	\$3,957,300
	Net income	\$3,169,962	\$3,771,536
	Per share of common stock#	\$2.40	\$2.86
	Per cent of net sales	9.2%	11.4%
	Per cent of stockholders' equity (beginning of year)	8.3%	10.5%
	Cash flow##	\$5,863,510	\$6,503,717
FINANCIAL POSITION	Per share of common stock#	\$4.44	\$4.92
	Dividends declared on common stock . . .	\$1,562,989	\$1,533,717
	Income retained for use in the business . .	\$1,555,453	\$2,200,586
	Working capital	\$9,864,096	\$16,156,289
	Property, plant and equipment (net) . . .	\$29,814,436	\$20,623,176
	Other assets	\$537,144	\$1,653,909
	Long-term debt and deferred credits . . .	\$378,662	\$151,813
	Stockholders' equity	\$39,837,014	\$38,281,561
	Per share of common stock#	\$30.16	\$28.98
	Shares of common stock outstanding . . .	1,321,026	1,296,312
OTHER INFORMATION	Gross additions to properties and equipment .	\$11,988,924	\$2,553,362
	Production of paperboard, paper and market pulp (tons)	233,651	228,116
	Acres of timberlands owned	233,000	230,800
	Employees	1,187	1,174

*1960 and subsequent years include the accounts of Miller Container Corporation acquired in 1961 under a pooling of interests. The years prior to 1960 include the accounts of Miller Container Corporation for its fiscal year ending within the calendar year.

#Based on shares outstanding at December 29, 1963.

##Cash flow is stated as the total of net income, depreciation and depletion.

1961	1960	1959	1958	1957
\$30,603,610	\$30,126,194	\$28,635,077	\$24,717,771	\$27,480,279
\$21,121,340	\$19,122,476	\$17,661,240	\$15,980,686	\$17,463,100
\$2,650,775	\$2,605,699	\$2,574,535	\$2,461,818	\$2,143,399
\$6,831,495	\$8,398,019	\$8,399,302	\$6,275,267	\$7,873,780
\$3,584,531	\$4,372,170	\$4,414,852	\$3,326,405	\$4,131,324
\$3,246,964	\$4,025,849	\$3,984,450	\$2,948,862	\$3,742,456
\$2.44	\$3.02	\$3.00	\$2.22	\$2.82
10.6%	13.4%	13.9%	11.9%	13.6%
9.4%	12.5%	13.5%	10.5%	14.6%
\$5,897,739	\$6,631,548	\$6,558,985	\$5,410,680	\$5,885,855
\$4.46	\$5.02	\$4.97	\$4.10	\$4.46
\$1,484,040	\$1,435,368	\$1,398,112	\$1,387,987	\$1,387,987
\$1,677,110	\$2,529,745	\$2,529,033	\$1,545,875	\$2,354,469
\$13,514,442	\$11,995,396	\$10,240,351	\$7,535,826	\$5,090,147
\$20,934,264	\$21,030,613	\$20,404,408	\$20,598,405	\$21,893,696
\$1,754,820	\$1,627,857	\$1,434,073	\$1,665,568	\$1,244,519
\$122,550	—	—	\$250,000	\$250,000
\$36,080,976	\$34,653,866	\$32,078,832	\$29,549,799	\$27,978,362
\$27.31	\$26.04	\$24.09	\$22.18	\$20.99
1,272,026	1,248,083	1,225,143	1,191,394	1,191,394
\$2,491,928	\$3,224,858	\$2,505,100	\$1,183,200	\$5,481,600
223,460	229,574	216,725	183,568	200,396
228,000	222,700	213,900	208,000	204,500
1,143	961	976	941	943

ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS OF
THE CHESAPEAKE CORPORATION OF VIRGINIA:

We have examined the consolidated balance sheet of The Chesapeake Corporation of Virginia and its subsidiary companies as of December 29, 1963, and the related consolidated statements of income and retained earnings for the year (fifty-two weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the consolidated financial position of The Chesapeake Corporation of Virginia and its subsidiary companies at December 29, 1963, and the consolidated results of their operations for the year (fifty-two weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except as indicated in Note 1-a to the financial statements.

LEACH, CALKINS & SCOTT

Certified Public Accountants

Richmond, Virginia,
January 29, 1964.

THE CHESAPEAKE CORPORATION OF VIRGINIA

WEST POINT, VIRGINIA

CORRUGATED CONTAINER PLANTS

David Weber Co.
3500 Richmond Street
Philadelphia 34, Pennsylvania

Baltimore Box Company
1301 Covington Street
Baltimore 30, Maryland

Miller Container Corporation
802 Kyle Avenue
Roanoke, Virginia

OTHER SUBSIDIARIES

Greenlife Products Company
West Point, Virginia

Chesapeake Trading Corp.
West Point, Virginia

TRANSFER AGENTS

State-Planters Bank of Commerce and Trusts
Richmond, Virginia

Chemical Bank New York Trust Company
New York, New York

REGISTRARS

First and Merchants National Bank
Richmond, Virginia

Manufacturers Hanover Trust Company
New York, New York

